

P3s and their value, risks to local contractors

P3 conference lays out challenges for smaller firms to compete

MHCA past-chairman Henry Borger says P3s have their place and hold value for public-sector infrastructure projects, but they must be constructed carefully as they can present particular problems for local firms that want to compete.

Borger was among four panelists who shared their insights on P3s at a session in the “Sowing the Seed” conference, presented by the Canadian Council for Public-Private Partnerships and the Winnipeg Chamber of Commerce Tuesday.

The session spoke to the role of local and small business in delivering P3 projects.

Borger, president of Borland Construction, has experience with two of Winnipeg’s P3 projects: the Disraeli Bridges (completed in 2012), and the current, second-stage of the Southwest Rapid Transit project.

The \$195-million Disraeli Bridges project was a design/build/finance/maintain agreement and has been estimated to have saved the city \$47.7 million, according to a Deloitte & Touche value for money analysis.

Borger said there is a lot that local companies can bring to a P3 to ensure it is successful – local knowledge of aggregate resources, traffic patterns, ground conditions, and weather that reduces the length of the construction season. In addition, the relationship built over time between local firms and public entities is key to working through issues that arise along the way.

But P3s, which are used for very large infrastructure projects, can present special problems for local construction firms that are competing against much larger multi-national firms in the bids. P3 design specifications can be significantly different than for the typical infrastructure projects, putting local firms in a tough spot.

“A lot of us are not staffed with the resources to pursue each and every P3 opportunity,” Borger explained.

Sean Barnes, of PCL Constructors, said governments should resist the temptation to package construction projects so large that they overwhelm the capacity of local firms. Just the bid preparation will cost millions of dollars – that’s hard on the bottom line of smaller firms.

To avoid such pitfalls, Borger suggested that project owners speak with local firms before issuing RFQ’s, to consider the sizing, schedule and design features.

As for advice to local firms that become subcontractors in P3s, Borger said research is key – read the contract carefully and consider the risks that you would assume; ask others in other markets about their experience in working with the firms you would be teaming up with.

Meanwhile, at a separate panel session on the “infrastructure pipeline” Georges Chartier, Chief Asset and Project Management Office for the City of Winnipeg, said the city has had good experience in the P3s it has used over time. Coming up, the city could choose to do P3s in a number of coming projects, including future work on Kenaston Boulevard, the new Arlington Bridge, Chief Peguis Trail western extension, the Louise Bridge and the east rapid transit link.

Chartier added, however, that while the federal government’s infrastructure funding program is pretty clear for cost-sharing water and waste and transit projects, it appears that securing federal funding for roads “is going to be a challenge.”

Borger, second from left, shares his insights at P3 conference.

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Manitoba looks into the value of P3s

Private-public partnerships can save money, but they're not for all infrastructure projects: conference

Premier Brian Pallister sent a clear sign his government is open for and to business this week, sending out a request for proposals for a business case on using P3s to construct four public schools across the province.

Pallister made the RFP announcement at a half-day conference on how P3s are most appropriately used, and their potential benefits to public sector entities. The "Sowing the Seeds" conference, sponsored by the Canadian Council for Public-Private Partnerships, featured three session panels with industry, professional and infrastructure representatives to talk about their experience in P3s.

Once the province has the business case, which compares using P3s for the four schools against the traditional public tendering of such work, the Pallister government will decide which route to take for the schools' construction, estimated to cost about \$100 million.

Since 2012, Canada has seen 56 P3 projects worth \$34 billion completed, only three of which were in Manitoba, the premier told about 400 people from the private and public sector, who attended the day's kick-off breakfast at Fort Garry Place. Manitoba has to start making progress on its infrastructure investment deficit and that calls for innovative approaches, he noted.

"The private sector can play a valuable role here." P3s are seen as a way to improve the efficiency of very large public infrastructure projects, getting them done on time and on budget, although not all P3 projects in Canada have worked out as well. Governments like P3s, in which private consortiums bid for the design/build/finance and operation of infrastructure works for a set term (usually 25-30 years), because they transfer risk – design deficiencies, construction-cost overruns and maintenance and major-capital (lifecycle) repair cost overruns – to the private partners.

Typically, a P3 will see private consortiums, composed of legal, architectural, engineering and construction firms, bid on more complicated projects that are usually hundreds of millions of dollars in size.



Premier Pallister launches P3 conference.

A lot of public sector unions have confused P3s with privatization. The P3 system actually creates jobs.

– Joseph Mancinelli, V-P and regional manager, Labourers' International Union of North America

The sessions held through the morning brought together those with experience with P3 projects, to share their insights. Panelists noted that after a decade or more of P3 projects, Canada now has expertise and best practice in across the spectrum of infrastructure assets.

Among the points made by the panelists were:

- Governments considering P3s need to do their homework, looking at the value-for-money comparison of what it would gain and how much money it would save by using the model, against the traditional tendering process
- A P3 RFP produces real competition on the design end, frequently seeing multiple, unique proposals to choose from
- The value of the P3 is derived from negotiations with firms proposing to bid, as conversations between private and public entities in that design period spur the innovations that focus on producing long-term value for the project – rather than the lowest cost
- Experience shows cost savings to public entities ranges from 13% to 17%; Saskatchewan's P3s for school construction saved about 13%
- The P3 benefits include the transfer of risk, the innovation it spurs as private bidders look to present projects of higher value that consider all structural/operational issues, as they will be responsible for operation and maintenance over many years before transferring ownership to the public entity
- P3s are not for every project – typically for those valued at more than \$200 million
- P3s have unique costs – financing costs can be higher for private firms than for public entities
- It is not reasonable to transfer all risk to the private partner; for example, the discovery of environmental contamination on site can present untenable remediation costs for a firm
- Education campaigns are critical to ensure the public and workers, many of whom are unionized, understand what P3 projects are – they do not privatize public assets and they create jobs, not steal them



BROCK WHITE WINNIPEG 2017 EROSION AND RIP RAP SEMINAR

Join us in Winnipeg for our 2017 Erosion and Rip Rap Seminar featuring leading manufacturers, Flexamat and Profile Products. Learn about a variety of innovative geo products and how they can help you accomplish your project objectives. There is no charge for this valuable training event. Breakfast and lunch will be provided.

TUESDAY, MAY 23RD, 2017

7:30am: Registration 8:00am - 12:00pm: Seminar - Lunch will be served afterward
Hilton Winnipeg Airport Suites, Stevenson Ballroom - 1800 Wellington Ave, R3H 1B2

LEARN ABOUT

Profile Products: From soil agronomy to spray on products to Turf Reinforcement - soft armour vs rock Rip Rap replacement.
Flexamat: Alternative to Rip Rap with considerable cost savings.

RSVP

By May 19th to Garry McFarlane
gmcfarlane@brockwhite.com
204-631-3124

MHCA welcomes new members

The MHCA is pleased to welcome two new members, *Jim Pattison Lease* and *6P Marketing Inc.*

Jim Pattison Lease was founded in 1961 and is a recognized leader in the fleet industry. It is Canada's largest privately owned fleet management company that provides flexible and customized fleet management solutions and vehicle leasing to commercial enterprises.

You can contact Jim Pattison Lease at:

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 www.jimpattisonlease.com



Jim Pattison Lease

Canada's Leader in Customized Fleet Management



**Proud to be joining
the MHCA**

6P Marketing is a full-service marketing firm that collaborates with entrepreneurs and brand leaders to help move their business forward. Whether it's solving a complex problem, building a brand or creating and implementing tactics – we're here to help.

www.6Pmarketing.com | 204.474.1654



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GOOD



S/S - \$18.95 L/S \$28.95

* best price

BETTER



S/S - \$24.95 L/S \$26.95

* cotton feel

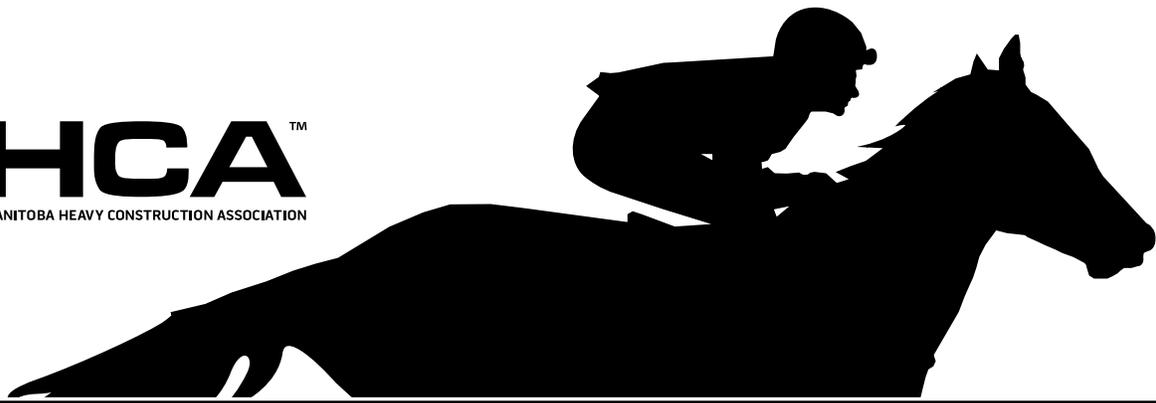
BEST



S/S - \$31.95 L/S \$47.95

* segmented stripping





Spring Mixer

Wednesday, May 31, 2017

Assiniboia Downs - 3975 Portage Ave.

Reception: 5 p.m. | Dinner: 6 p.m. | Live Racing: 7 p.m.

TICKETS: \$92.50^{+GST} PER PERSON | TABLES OF EIGHT OR TEN

Company: _____

Number of Tickets: _____

Contact Person: _____

PAYMENT OPTIONS

Invoice: _____

Visa/MC/AMEX #: _____

Exp. _____

Signature: _____

**To order tickets or for more information, please contact Christine Miller at
christine@mhca.mb.ca
ph: 204-947-1379 or fax: 204-943-2279**

As per MHCA board policy, only registrations cancelled up to five business days prior to the commencement of this event will be refunded.



Globalization at the brink?

Peter G Hall, Vice President and Chief Economist



This one is really big. It touches every region, every country, every firm. In fact, it is so big, it likely touches every individual on the planet. It has steadily grown into the fabric of everything we do, and to many, almost unnoticed. And now we are talking about undoing it all. It is hard to fully estimate the entire reach and impact of this thing we call globalization. And yet in our frustration with a sluggish post-recession economy that has left many behind, a slim majority seems to believe that globalization is the culprit. This development has rapidly zoomed up the global risk list, and currently occupies top spot. Is globalization over?

Undoing globalization would be very costly. That's what makes it such a key risk. For decades now, consumers the planet over have benefited greatly from purchasing goods made in lower-cost locales. The cumulative savings globalization has brought to consumers everywhere are inestimable. Undoing that? The cost increases are at least as inestimable. A second cost is related. Globalization has lifted millions out of poverty, all the while helping wealthy nations achieve some of the lowest unemployment rates on recent record. Revert to an insular, localized economic system, and the net employment effect would be far lower. The case goes on; the gains from freer trade that accrue to countries efficiently exploiting their true comparative advantage are well documented in international trade literature.

So much for immediate costs; what about the logical feasibility of reversing globalization? First off, it's a whole lot easier to impose trade-inhibiting policies than it is to gear up the domestic investment that replaces the interrupted trade flows. Regular folk might just run out of patience with the policies. Second, global trade connections have been enabled by a technology that is not going to disappear in a more protectionist world. Third, trade restrictions ultimately benefit those they are aimed at. Bent on survival, protectionism's victims are forced to be ever-leaner and more competitive – far more than those resting behind a tariff wall. As such, trade restrictions are the ultimate enemy of those they purport to protect. Fourth, the voice of the shareholder has been strangely silent. When it starts to speak up, it is likely to cast its increasingly powerful vote for globalization. A fifth and weighty consideration is that a revisit of the architecture isn't really needed now; ultimately, the dissenting votes are about making the economy great again – and that's now happening, all on its own.

America is the best example. After a particularly long seven-year wait, key groups sidelined by sluggish growth – both older workers and millennials – are now rushing back into the job market. Industrial capacity is tightening up again, and several industries are bursting at the seams. With confidence riding high, business investment is set for a strong increase. The only thing standing in the way of solid total performance is greenback-inhibited exports.

Across the pond, the EU is catching on. Area-wide unemployment has declined steadily since mid-2013, and is now just 1.2 percentage points above the pre-recession low – quite an achievement. As in the U.S., labour force participation is on the rise again after a long lull. EU-wide capacity utilization is at its highest level since the Great Recession, one among several signs of pent-up demand in the market.

This is probably the best news emerging markets have seen in years. Tightening U.S. and EU markets can only mean better times on the export front in the emerging world, which will be a help to markets struggling with lack of capacity, over-capacity, softer commodity prices and rising borrowing costs.

Putting all this together, EDC's Global Export Forecast calls for world growth to rise from 3.5% in 2017 to 3.8% next year. Canada's exports are projected to increase by six per cent this year thanks to a bump in commodity prices, and by 5% in 2018 as global growth accelerates.

The bottom line? Scan current data, and the global economy is serving up what the people say they really want: growth, jobs and a green light for continued expansion. But this isn't 1983. Freer trade is now firmly embedded into the picture; dismantling that architecture puts today's growth story at great risk. But if that risk is ultimately unlikely, this could be one of the greatest moments of opportunity in the New Millennium.



Toronto — Cities across Canada should sell their electricity distribution companies and invest the proceeds in critical municipal infrastructure, suggests a new C.D. Howe Institute report.

In Surge Capacity: Selling City-owned Electricity Distributors to Meet Broader Municipal Infrastructure Needs, report author Steven Robins argues there is no compelling public policy rationale for municipalities to hold these assets.

“There’s huge potential in Ontario and Alberta for cities to hold equity sales in electricity distribution to jumpstart other infrastructure investments,” commented Robins in a media statement released April 19. “Additionally, both provinces have regulators that have demonstrated their ability to protect consumer interests, by setting the rates for both municipally and privately owned electricity distribution.”

The author points out that many of Canada’s cities – particularly in Alberta and Ontario – own local electricity distribution companies. Alberta and Ontario have 57 municipally owned utilities, which deliver electricity to 27% of Canadian electricity customers

Municipalities in Ontario, along with Edmonton and Calgary, could sell all or part of their equity stakes in electricity companies – worth between \$15 billion and \$20 billion – and invest the proceeds in more critical municipal infrastructure needs, argues Robins.

Ontario should eliminate or rebate to cities punitive taxes on electricity company sales, Robins says. He also argues the federal government should remit back to provinces any corporate income tax they receive from newly taxable electricity companies, provided the selling government reinvests the proceeds in new infrastructure.



THE ROAD TO PROSPERITY SEVEN PILLARS TO GROWING MANITOBA’S ECONOMY

In today’s globally competitive business environment it is imperative that government create a climate that attracts new business and allows existing businesses to grow and thrive. For Manitoba to reach its full potential there are seven key public policy pillars that must lead economic and investment policies in the province:

FISCAL COMPETITIVENESS

Manitoba must have an effective and fiscally prudent government committed to creating a competitive tax jurisdiction to attract and retain new investment.

VENTURE CAPITAL

Commitment to the creation of an accessible venture capital fund and supportive tax credit policies to leverage investment in the growth of new and existing businesses.

GLOBAL TRADE

Commitment to pursuing an expanded global trade profile for Manitoba which derives substantial economic benefit.

INFRASTRUCTURE INVESTMENT

Commitment to a strategic, sustained, disciplined approach to investment in Manitoba’s core infrastructure.

ABORIGINAL ENGAGEMENT

Commitment to the creation of an Aboriginal Engagement Strategy to ensure inclusion and partnership in economic growth policies.

SKILLED WORKFORCE

Commitment to attracting, educating, training and retaining a skilled, responsive workforce is fundamental to ongoing economic growth.

“NEW FISCAL DEAL” FOR MUNICIPALITIES

Commitment to address the existing fiscal framework between the province and municipalities to meet the challenges of the future.

The 2017 Equipment Rental Rates & Membership Directory is now available

If you are an MHCA member and you have yet to receive your directory, or for anyone wishing to purchase a copy, please call our office at 204.947.1379



Upcoming MHCA Meetings

MHCA Executive Committee
MHCA Office
May 17 - 12:00-4:00 PM

SAFE Roads
MHCA Office
September 27 - 12:00-1:30

MHCA Executive Committee
MHCA Office
November 21 - 12:00-4:00 PM

MHCA Executive Committee
MHCA Office
June 13 - 12:00-4:00 PM

Rental Rates Committee
MHCA Office
October 6 - 12:00-2:30

Rental Rates Committee
MHCA Office
December 1 - 12:00-2:30

Rental Rates Committee
MHCA Office
August 25 - 12:00-2:30 PM

MHCA Executive Committee
MHCA Office
October 25 - 12:00-4:00 PM

MHCA Executive Committee
MHCA Office
January 17, 2018 - 12:00-4:00 PM

MHCA Executive Committee
MHCA Office
September 6 - 12:00-4:00 PM

Rental Rates Committee
MHCA Office
November 3 - 12:00-2:30 PM

MHCA Board of Directors
Location TBD
January 24, 2017 - 12:00-4:00 PM

MHCA Board of Directors
MHCA Office
September 13 - 12:00-4:00 PM

MHCA Board of Directors
RBC Convention Centre
November 17 - 10:00-12:00 Noon



SAFE Roads 2017 Spring Campaign launch

WORKSAFELY™ Back to You with Don Hurst

Being a part of the heavy construction industry, you see firsthand the dangers of working on a road construction project. MHCA is a part of a group of community stakeholders who make up the SAFE Roads committee.

The SAFE Roads committee's goal is raising public awareness for the safety of roadside workers including flagpersons, utility and roadside emergency-response workers. Over the years, the committee has focused its message towards Manitoba motorists, urging them to read the signs, slow down and drive safe.

The 2017 campaign will consist of radio, billboard and transit bus ads in Brandon and Winnipeg. The ads will contain the key message "I want to make it home, too!"

The SAFE Roads Spring Campaign launch will happen on May 12 at 9:00 am in Winnipeg and 2:00 pm in Brandon. Make sure you look out for these ads, and drive safe!

To learn more about the SAFE Roads committee and its initiative, contact Katie Pfeiffer at 204-947-1379.

KNOW YOUR WORKSAFELY™ ADVISOR

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To contact your WORKSAFELY™ advisor assigned to your area, please see mhca.mb.ca/worksafely/know-your-advisor

Training Schedule

WINNIPEG - MHCA Office
3-1680 Ellice Ave.

**TO REGISTER,
PLEASE CONTACT:**
Kristen Ranson
kristen@mhca.mb.ca

MAY 2017

- 9 Flagperson 1/2 day AM
- 9 Committee Representative Training 1/2 day PM
- 10-11 Traffic Control Coordinator
- 12 Excavation and Trenching 1/2 day AM
- 12 Auditor Refresher 1/2 day PM (no charge)
- 15-16 **COR™ Leadership in Safety Excellence**
- 17 **COR™ Principles of Health & Safety Management**
- 18-19 **COR™ Auditor**
- 30 Train the Trainer

JUNE 2017

- 9 Transportation of Dangerous Goods 1/2 day AM
- 12 Flagperson 1/2 day AM
- 12 Committee Representative Training 1/2 day PM
- 13-14 Traffic Control Coordinator
- 15 Excavation and Trenching 1/2 day AM
- 15 Auditor Refresher 1/2 day PM (no charge)
- 19-20 **COR™ Leadership in Safety Excellence**
- 21 **COR™ Principles of Health and Safety Excellence**
- 22-23 **COR™ Auditor**
- 27 Train the Trainer

Construction Safety Excellence™



**You're invited to attend our next
COR™ meeting!**

Where: Holiday Inn – Airport/ Polo Park
1740 Ellice Avenue, Winnipeg MB

When: May 16, 2017 8:30am – 10:30am

Agenda:

- SAFE Work Manitoba update
- Workplace Safety and Health update
- Click Before You Dig and locates update
- Worksafely update

Please RSVP to Kristen Ranson by May 10th at kristen@mhca.mb.ca or 204-594-9056





SAFETY TALK

Lockout/tag out

Every year, workers in Manitoba are killed or seriously injured because machinery or equipment was not properly locked out.

What's the danger

Some of the most common hazards are:

- Sudden movement of machine parts
- Electric shock
- Release of pressure

How to protect yourself

Lockout is the use of a lock or locks to render machinery or equipment inoperable or to isolate an energy source.

There are four basic actions in any lockout:

- Identify all energy sources connected with the work
- De-energize, disable, redirect, or stop all energy from doing what it normally does
- Confirm that you have reached a zero energy state
- Apply restraint devices to keep the system from starting up while being repaired

Tag out is a labeling process that is always used when lockout is required.

This involves attaching or using an indicator that includes the following information:

- Name of authorized person who attached the tag and lock to system
- Authorized person's place of employment
- Why the machine or system is locked out – repair/maintenance
- Date of when the lock/tag was applied

An organization will have a lockout program and as many sets of work instructions as required depending on the number of systems that require lockout.

Remember...

Don't take chances. When in doubt, lock it out.

Print and review this talk with your staff, sign off and file for COR™ / SECOR audit purposes.

Date: _____

Performed by: _____

Concerns:

Employee Name:

Supervisor: _____

Location: _____

Corrective Actions:

Employee Signature:

The Opening Ceremony for the 2017 Canada Summer Games is less than 4 months away! What an exciting two weeks it will be for Winnipeg and Manitoba. The MHCA is proud to be a Community Supporter of the Games and, along with the Host Society, we are eager to fill the stands at all of the events!

As the Host Society and its volunteers prepare to welcome the nation, hosting over 20,000 visitors, they are eager to fill the seats in some of the largest venues the Canada Games have ever seen. In doing so, they can put our best foot forward to provide an exceptional athlete experience, showcase Winnipeg and Manitoba to a national television audience, and contribute significantly to the financial success of these Games.

To that end, it is our pleasure to extend a special corporate ticket package offer to our members, and encourage you to subscribe to one of the package options. The packages include tickets to the Opening and Closing Ceremonies, sport competitions, a Games-time reception, and a merchandise credit and will surely be appreciated by your employees, customers, suppliers and their families. This is a tremendous way of demonstrating your corporate support for this very important event for our community. Simply contact pvalde@2017canadagames.ca to confirm your package of choice and your ticket package will be delivered in June.

We sincerely hope you will choose to participate!

2017 CANADA SUMMER GAMES CORPORATE TICKET PACKAGES

Gold Corporate (\$5k)	Silver Corporate (\$3.5k)	Bronze Corporate (\$2.5k)
<ul style="list-style-type: none"> • 16 Niibin Packages* • 6 Week 1 Sport Passes** • 6 Week 2 Sport Passes** • 30 Medal competition tickets*** • 18 Closing ceremony tickets • 4 Games-time reception invitations • \$750 merchandise credit 	<ul style="list-style-type: none"> • 10 Niibin Packages* • 4 Week 1 Sport Passes** • 4 Week 2 Sport Passes** • 26 Medal competition tickets*** • 16 Closing ceremony tickets • 4 Games-time reception invitations • \$500 merchandise credit 	<ul style="list-style-type: none"> • 6 Niibin Packages* • 4 Week 1 Sport Passes** • 4 Week 2 Sport Passes** • 22 Medal competition tickets*** • 12 Closing ceremony tickets • 2 Games-time reception invitations • \$250 merchandise credit
VALUED AT: \$6,214	VALUED AT: \$4,216	VALUED AT: \$2,914

To confirm a corporate ticket package or if you have any inquiries, please contact Peter Valde, Ticketing Coordinator, at pvalde@2017canadagames.ca or (204) 594-4257.

At that time, payment details will be agreed to. Once payment is received, further information regarding ticket delivery, medal competition tickets, Games-time reception, and merchandise credit will be sent.

* Niibin Package includes Opening Ceremony ticket, Closing Ceremony ticket, and Sport Pass

**Sport Pass includes: admission to all sport competition events during the Games (excluding medal competition)

***Medal competitions can include: Athletics, Baseball, Basketball, Soccer, Swimming, Volleyball

